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From:

Sent: Monday, January 05, 2009 3:52:25 PM

To:

Cc:

Subject: RE: TEFRA Determination

If the LLC partner has elected to be taxed as a C Corporation, and no TEFRA election was made, the partnership falls under the small partnership exception to TEFRA under section 6231(a)(1) since both partners are C corporations.

An LLC partner will automatically default into a disregarded entity ("DE"), however, unless it files an election to be taxed as a C corporation using Form 8832. If no Form 8832 has been filed, then the DE status of the LLC partner will cause the partnership to automatically be subject to the TEFRA partnership provisions since it will have a pass-thru entity (the LLC DE) as a partner. See Rev. Rul. 2004-32.